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Eric J. Krathwohl, Esq.

Direct: (617) 556-3857

Email: ekrathwohl@richmaylaw.com

April 13, 2001

By Hand

Mary Cottrell, Secretary

Department of Telecommunications and Energy

One South Station

Boston, MA 02110

Re: Pinehills Water Company, Inc., D.T.E. 01-42

Dear Ms. Cottrell:

We respectfully file on behalf of Pinehills Water Company, Inc. (the "Company") its request for approval of initial rates and charges and Rules and Regulations. In connection with this application, I am enclosing M.D.T.E. 1, sheets 1-12, and M.D.T.E. 2, sheets 1-3, which comprise the Company's initial rules and regulations and tariff sheets. The issue date of the enclosed proposed tariffs is April 13, 2001 and the effective date is May 1, 2001. Also enclosed is the requisite filing fee.

In support of the Company's request, we enclose the testimonies of the Company's proposed witnesses, Stephen B. Alcott and Deborah Sedares, with exhibits and supporting schedules.

As described in the testimony of Mr. Alcott and Ms. Sedares, the Company is a new water company, created to provide service to the projected 3000 residential and commercial customers that will reside in the Pinehills community in Plymouth Massachusetts, at the end of the currently planned 10 year phase in of construction. A significant portion of the utility infrastructure, along with some administrative structures and some of the individual residences have already been built. Currently, the Company does distribute water it pumps for use thereof by its affiliates and by, within the next couple of months, a limited number of individual residential customers that have recently purchased homes at the Pinehills. No charges are

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currently being imposed for such water service and the Company does not intend to impose any charges for water service until the Department has approved rates at which such sales of water would be made. For that reason, the Company urges expeditious action on this request to establish initial rates. One possible approach, for which the Company hereby seeks approval, is to allow for initial interim rates, pending the Department's review of this filing.

As a new water company, the Company has no current rates and no current revenues, so this rate filing would have no effect on any existing customers. Also, for the next several years the Company will have significantly less revenues than the revenues shown below, which are calculated as of full system build-out. The proposed charges are as follows:

Proposed Operating Revenues and Charges to Average Customers by Classification

Present Proposed

Revenue Class Rates Rates*

Residential \$0.00 \$1,395,000.00

Commercial 0.00 456,00.00

Private Fire 0.00 34,000.00

Public Fire Protection 0.00 471,000.00

Total Operating Revenues \$0.00 2,356,000.00

Number of Average Annual Cost

Accounts* per Customer*

Residential 2,854 \$488.79

Commercial 91 \$5,010.99

* As of the time of system completion (See testimony of Mr. Alcott).

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The Company also proposes Rules and Regulations that are quite similar to those currently in effect for some of the larger water companies in Massachusetts.

Further, pursuant to General Laws, Chapter 165, section 1A, the Company hereby requests approval of the adequacy of its distribution system. Proof of compliance with General Laws, Chapter 111 is included in this filing as Exhibit A to the testimony of Ms. Sedares. Additionally, as described above, the Company is entering a lease for use of the water supply and distribution facilities with an affiliate and recognizes this as a transaction for which approval may be required under General Laws, chapter 164, section 14, as made applicable to water companies by chapter 165, section 2. Additionally, when the lease is available for submission, we will file the lease to satisfy the requirements of chapter 165, section 4A. To the extent the Department determines such approvals to be required, the Company hereby seeks such approvals.

Additionally, the Company hereby requests any requisite authority to issue shares of its common stock in connection with the formation of the Company. To the extent such approval is required before the Company commences operations, the Company will provide all necessary information upon request.

Finally, to the extent necessary or appropriate, the Company requests that the Department specify the Company's franchise as described in material submitted herewith.

Under separate cover and in accordance with the Department practice and procedure, we file a suggested form of newspaper notice and bill stuffer. We respectfully request a prompt approval of this form so that the Company may commence the notice process and establishment of a procedural schedule at the earliest possible time to facilitate expeditious review of this filing.

Very truly yours,

Eric J. Krathwohl

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Encl .

cc: Kevin Brannelly, Director - Rates and Revenue Requirements Division

Paul Afonso, Esq. - General Counsel

George Yiankos, Director - Gas and Water Division

Paul Osborne, Gas and Water Division

Deborah Sedares, Counsel and Regulatory Permit Manager

Stephen B. Alcott

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bcc: John Judge

David Weiss, Esq.

Emmett E. Lyne, Esq.